



**CHARTER REVIEW SUB-COMMITTEE OF THE CITY OF SAN DIEGO
FINANCIAL REFORM SUB-COMMITTEE
CHAIR- DONNA JONES**

**MINUTES FOR
FRIDAY, JULY 27, 2007, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

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9:05 Call to Order. Roll Call.

Committee Members:

Donna Jones, Chair	Excused
John Gordon	Excused
Vincent Mudd	Present
Lei-Chala Wilson	Present
James Milliken	Present

Staff in Attendance:

Jay Goldstone, CFO, City of San Diego
James Ingram, Committee Consultant
Lisa Briggs, Office of the Mayor
Woo-Jin Shim, Office of Council President Peters
Jeff Kavar, Office of the IBA
Brant C. Will, City Attorney's Office
Larry Tomanek, City Attorney's Office

NON-AGENDA PUBLIC COMMENT

Ms. Joy Sunyata addressed the Committee regarding her appreciation for clarity and brevity within the Charter. She noted a "hunger for trust" on the part of the public. Therefore, ensuring a system of checks and balances within the Charter is critical.

SUB-COMMITTEE COMMENT

Committee member Mudd voiced his concern with the lack of City Attorney written participation on the language being discussed. He echoed the earlier comments of Subcommittee

Chair Jones that participation by the City Attorney is critical to ensure that what ever language is finally recommended is legal and consistent with the remainder of the Charter.

Mr. Will responded that memos from the City Attorney released to date reflect the position of the City Attorney on these issues. Mr. Tomanek noted that the City Attorney is supportive of an elected Internal Auditor.

CITY ATTORNEY, COUNCIL INDEPENDENT BUDGET ANALYST COMMENT.

Mr. Jay Goldstone informed the subcommittee that current review of the City's reserve policies might trigger a need to revise Charter Section 91.

ITEM – 1: Chief Financial Officer and the City of San Diego's Financial Organizational Structure

Mayoral staff distributed a revised grid which incorporated the IBA's recommended language changes into the original language. The document distributed is attached to these minutes and dated 7/13/07. There was no public comment.

Overall, there is now agreement on this language which includes the need for Council confirmation of the CFO.

Motion by Committee member Milliken, second by Committee member Wilson to recommend language regarding the creation of a CFO to the full Charter Committee for review. Passed 3-0.

ITEM – 2: Internal Auditor and Audit Committee

Mayoral staff distributed two grids which outlined amendments to the "straw man" language discussed at the last meeting based on input from the IBA and committee members. No feedback was received from the City Attorney's office. The documents distributed are attached to these minutes and dated 7/27/07.

Regarding the Internal Auditor, the subcommittee, IBA and City Attorney representatives agreed that the majority of the language was appropriate and captured the concepts and duties of this position. However, the key issue of how the individual who holds this position is retained or terminated remains to be discussed. Key to that discussion is how to best insure the Internal Auditor's independence which, in turn, leads to the question of composition of the Audit Committee. At this point, Mr. Kavar distributed a letter from the Association of Local Government Auditors which is attached to these minutes.

In light of Mr. Gordon's interest in the issue of whether this position should be elected or appointed---as well as the City Attorney's interest in this issue---the discussion of how this position will be filled will be continued in depth at the next subcommittee meeting. Staff was requested to solicit participation from other auditors, both elected and appointed to inform the discussion.

Regarding the Audit Committee, as with the Internal Auditor, there is consensus on the bulk of the language. The key area of discussion remains the composition of the Committee----should there be a majority of Councilmember's or majority of public members. The IBA recommends a majority of legislative members. The Mayor's recommended language contemplates a majority of public members. The City Attorney's representative noted that the current charter limits the composition and duties of a public dominated committee. Mayor's staff and the

subcommittee again requested assistance from the City Attorney to insure that, whatever composition was recommended, that it be able to function both within the law and the Charter to accomplish its mission.

ITEM – 4: Minutes from July 13, 2007 Financial Reform Subcommittee Meeting

Motion by Committee member Milliken, second by Committee member Wilson to accept the minutes. Passed 3-0.

ITEM – 3: Balanced Budget Requirement

Mr. Ingram presented his report on this issue. It is attached. While it was acknowledged by the IBA and City Attorney that San Diego's Charter does contain some language that implies the need for a balanced budget, there is no specific stated requirement or stand alone section that compels this. Committee members raised the issue that, if there is a requirement, should there also be repercussions when that budget is out of balance. The City Attorney's office was requested to analyze how such an amendment would interact with any other current sections of the Charter.

The only public speaker on this item was Carl DeMaio. He presented draft language on this issue as well as other issues before the subcommittee. This language is attached to these minutes.

10:40 Adjourn